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# NASA Procedural Requirements

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 (NASA Only)**Subject: Reimbursable Agreements****Responsible Office: Office of the Chief Financial Officer**[| TOC](#) | [Preface](#) | [Chapter1](#) | [Chapter2](#) | [Chapter3](#) | [Chapter4](#) | [Chapter5](#) | [AppendixA](#) |  
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## Chapter 4. Pricing Reimbursable Agreements

### 4.1 General

4.1.1 NASA provides reimbursable support to other Federal Agencies, state governments, and the private sector under several Federal statutes. Taken together, these statutes provide NASA with the authority to engage in a range of reimbursable activity. Each of the statutes contains conditions and requirements for specific types of reimbursable activity. The cost recovery provisions of these statutes vary, and therefore, NASA shall apply specific pricing policies depending on the provisions of the statute(s) authorizing the reimbursable agreement. The following sections describe the pricing requirements for NASA's reimbursable activities.

### 4.2 Pricing Reimbursable Space Act Agreements

4.2.1 The National Aeronautics and Space Act provides the Agency with significant flexibility in entering into reimbursable agreements and charging methodologies with Federal and non-Federal customers. It calls for NASA to cooperate with others in the use of its services, equipment, and facilities. An agreement written under this authority is commonly referred to as a Space Act Agreement (SAA). As with all reimbursable agreements, the baseline pricing under an SAA is full-cost reimbursement.

4.2.2 Cost Based Pricing. In general, Centers shall establish prices equal to the full cost in accordance with Chapter 3 of this NPR and identified on the EPR. NASA may accept reimbursement for less than full cost, if fair and reasonable, in light of NASA resources committed, NASA risks, and benefits to NASA. See Section 4.2.4 for a discussion of price adjustments below the full cost of the agreement. The process used and the factors considered in the development of such prices will be consistently applied and fully documented. This documentation will be maintained for at least three years. See Section 4.2.6 for discussion of the treatment of differences between cost and price.

4.2.3 Market-Based Pricing. In limited circumstances, NASA may vary from the full cost amount in order to account for market prices. When market-based pricing is proposed, pricing will be based on a market survey. See Appendix E for the circumstances and requirements for the application of market-based pricing methodologies.

4.2.3.1 Market-based pricing does not apply where the pricing requirements for specific services or facilities are otherwise established by law or regulation or where the services to be performed by NASA can be demonstrated to have no comparable market equivalent such that market rates cannot be determined.

4.2.4 Waived Cost. Waived costs are costs that are incurred to perform the work associated with the reimbursable agreement but which are not reimbursed by the customer. Costs which comprise part of the full cost of the effort and are not reimbursed result in a price adjustment. Waivers of cost under SAAs can only be considered where there is a clear and demonstrated NASA benefit. To the extent practicable, the benefit should be quantifiable so that its value can be reasonably estimated and compared with the unreimbursed cost. As general guidance, consideration of whether to waive costs should be based on whether the office absorbing the costs would be willing to pay for the benefits derived from the effort if the reimbursable agreement were not being entered into or if they would be willing

to pay for the benefits separately assuming the full cost of the work for the customer is fully reimbursed. As separately described, the office responsible for providing an alternative source of funding for waived costs will provide concurrence. Valid criteria for cost waivers fall into the following categories:

a. Benefits from conducting the work, work content or the results/deliverables of the work (i.e., non-monetary), which are directly related to NASA's mission/program/projects, and where there is a valid basis for charging an appropriate NASA mission/program/project as an alternative source of funding for some of the work. This may include, but not be limited to, agreements involving activities directly relating to NASA's strategic education goals, development and/or testing where the resultant product or data has value to NASA's mission, or work products (e.g., test data) that are made available to NASA and which would eliminate or reduce the need for a NASA effort using a direct source of funding. If there is a basis for charging a NASA mission/program/project as an alternative source of funding for waived costs, the benefits to NASA associated with the agreement will relate to that NASA mission/program/project.

b. Benefits derived from conducting the work, work content, or the results/deliverables of the work (i.e., non-monetary) and which are related to NASA's institutional programs, Center facilities supported by institutional resources, or other benefits that are general in nature and which are customarily supported by institutional funds which can include, but not be limited to maintenance, improvement, or cost reduction of NASA capabilities or facilities. If there is a basis for charging an alternative source of funding based on benefits to NASA institutional programs associated with agreement, the alternative sources of funding will correspond to the programs benefitting from the agreement.

c. Market-based pricing under limited circumstances. See Appendix E.

4.2.4.1 Waivers shall not be granted based solely on perceived intangible benefits, such as goodwill, community relations, or philanthropic reasons.

4.2.4.2 In cases of SAAs with Federal customers that represent a significant component of a Center's reimbursable work and the work has been ongoing with NASA, if it has been determined that pricing the agreement at full cost would constitute a major burden on a Federal customer, where pricing the agreement at full cost would be likely to impede the reimbursable work, and if other criteria for waived cost are not met, the Center shall submit a request to the Agency CFO for pricing the agreement at below full cost. Generally, in those cases, at least the marginal costs of performing the work under the agreement should be reimbursed. The request will include an explanation for the proposed price structure and, if relevant, a plan for phasing in pricing continuation of work in future periods at full cost (or full cost less any waived costs, in accordance with criteria for waived costs as stated above).

4.2.4.3 The EPR will be the official waiver request and approval document. The EPR will contain the full cost of the agreement, the proposed price adjustment, and the final price charged to the customer. The Agreement Manager (or other party responsible for the EPR, e.g., the Agreement Initiator) is the waived cost requestor and the Center CFO is the approver. The written justification shall be provided in the EPR with additional pages attached as necessary. Waivers for programmatic benefit should identify (1) the benefitting program/project; (2) the specific project milestone that will be affected, if applicable; (3) how data/work will be used; and (4) the methodology used for quantifying the benefit.

4.2.4.4 If any direct costs are waived in accordance with criteria addressed above, the CMO assessment shall be calculated based on the direct costs charged to the customer (i.e., after any of the direct costs are waived). The resulting difference between the CMO calculated on the direct-cost portion of the full cost and the CMO calculated only on the direct costs charged to the customer may be considered a price adjustment on the EPR. However, that reduction in CMO chargeable to the customer does not require approval by the CMO manager (unless additional CMO is waived).

#### 4.2.5 Excluded Costs

4.2.5.7 In certain situations, costs that might otherwise be billable to a reimbursable customer are excluded in order to comply with statutory or policy requirements. This includes costs excluded under CSLA or other similar authority.

4.2.5.8 Excluded costs are considered price adjustments and should be included on an EPR in a manner similar to waived costs. Because such price adjustments are already covered by statutory or policy requirements, a justification with expected benefits (similar to that required for waived costs) is not required or expected.

#### 4.2.6 Treatment of Differences between Cost and Price

4.2.6.1 CMO Costs Not Covered by the Price. If CMO costs are not covered by the price charged to the customer, the agreement shall be approved by the Center CFO and the CMO manager.

4.2.6.2 Direct Costs Not Covered by the Price. If the price is below the direct cost that the Center will incur to perform the work, the Center CFO shall verify that an alternative funding source is identified for the unreimbursed portion. If project costs are funded by NASA direct funds, the work being funded by NASA will be confirmed as consistent with the period of availability, intended purpose, and amount restrictions of the direct program funding in accordance with the law.

4.2.6.3 The decision regarding which costs are waived should be the result of an internal Center discussion between the party/parties responsible for providing the alternative sources of funding, including the CMO manager (if CMO is being waived).

4.2.6.4 Cost waivers involving Reimbursable SAAs in which the price to the customer is less than direct cost shall be approved by the Agency CFO.

4.2.6.5 Market-Based Price Exceeds Full Cost. If the market-based price is above full cost, Centers shall deposit the amount collected that exceeds full cost into the Miscellaneous Receipts Account at Treasury, unless NASA has statutory authority to retain such amounts (e.g., EULs of Real Property).

4.2.7 Special Pricing or Billing Provisions Applicable to Specific Agreements. Reimbursable work for certain types of services or facilities are governed by statutes and regulations other than the Space Act, and NASA shall follow the pricing and/or non-competition requirements of those authorities rather than NASA's general Space Act authority.

4.2.7.1 Tracking and Data Relay Satellite System (TDRSS). 14 CFR Part 1215 covers considerations to be used in pricing TDRSS charges and should be consulted directly. In general, it is based on standard rates and it addresses matters such as:

- a. Annual determination of User Charges and Service Rates.
- b. Payment and billing including administrative charges.
- c. Estimated Service Rates and Escalation for CSLA customers and others.
- d. Other multiplication factors for service rates.

4.2.7.2 Host-Tenant Agreements. Host-tenant agreements represent a separate category of reimbursable agreement that may or may not be executed as SAAs. The pricing methodology used will be based on the authority under which the agreement is executed. As with all reimbursable agreements, the Center Chief Counsel and Center CFO shall review the agreement before it is signed.

a. Customer Owned or Constructed Facility. When one or more Federal agencies has ownership of buildings or facilities or has constructed the facility and turned it over to NASA, on a NASA Center and those facilities represent a substantial portion of the facilities on the Center, the Center may enter into an interagency agreement with the tenant(s) under which all facilities operating costs and associated indirect costs are shared equitably. The Centers are not required to use the EPR format to develop the full cost of the agreement as long as the reimbursement the Center receives is equal to the actual costs the Center incurs to support the tenant. As with all other reimbursable agreements, the Centers shall maintain documentation that supports computation of the reimbursement the tenant is required to provide.

## **4.3 Pricing Reimbursable Work for Federal Agencies under the Economy Act**

4.3.1 The Economy Act. While the Space Act provides specific authority to NASA to engage in reimbursable and cooperative agreements with various parties, including other Federal agencies, the Economy Act (31 U.S.C. § 1535) provides authority for all Federal agencies to engage in inter-agency reimbursable activity within certain constraints. The reimbursable agreement shall be priced based on full-cost principles to reasonably reflect the actual cost of the work for the Federal customer as required by the Economy Act. The Economy Act prohibits an agency from deriving profit, augmenting its appropriations, or using another agency's funds for purposes other than for which the funds were originally appropriated. The calculation of full cost for collaborative activities with Federal customers should follow Section 3.4.3.1.

## **4.4 Pricing Commercial Space Activity Agreements**

4.4.1 Authorities. NASA may provide support for commercial launches and use of its space-related property and facilities under two authorities: CSLA and the Space Act. Flexibility exists to utilize the authorities in combination, depending upon circumstances, scope of the work, and the best interest of the parties. The determination as to which authority is applicable in a given situation should be made in consultation with a Center's Office of Chief Counsel and the Center CFO. While NASA has CSCA authority available, Agency current practice is to use the authority provided under the Space Act in lieu of CSCA. Any exceptions will be reviewed by the Office of General Counsel and Office of Chief Financial Officer and approved in writing.

4.4.1.1 CSLA. NASA is authorized by the CSLA to provide launch or reentry property and launch or reentry services, not otherwise needed for public use, to the private sector or a state or regional government authority in order to support commercial launch or reentry efforts. CSLA encourages acquisition by the private sector from the U.S. Government of the following property or services:

- a. Launch or reentry property of the United States Government that is excess or otherwise is not needed for public use.

b. Launch services and reentry services, including utilities, of the Government otherwise not needed for public use.

*Note: The scope of commercial launch and reentry services covered under CSLA is discussed further in Appendix A. The determination as to applicability of a CSLA should be determined in consultation with the Center Office of Chief Counsel and the Center CFO.*

4.4.1.2 Space Act. NASA is authorized to provide services, equipment, personnel, supplies, and facilities, with or without reimbursement, to Federal, state, and private entities.

4.4.2 Pricing under the CSLA.

4.4.2.1 Before applying the pricing policy under this section, the full cost of the agreement will be calculated in accordance with Chapter 3 of this NPR and reported under the full cost section of the EPR.

4.4.2.2 The CSLA refers to direct cost in the pricing of commercial launch or reentry services. Direct costs that are billable to the reimbursable customer are those costs that can be associated unambiguously with a commercial launch or reentry effort and which the Government would not incur if there were no commercial launch or reentry effort. Costs that cannot be associated unambiguously with a commercial launch or reentry effort or which the Government would incur if there were no commercial launch or reentry effort shall not be included in the price charged to the customer for a CSLA agreement. However, they should be included when determining the full cost of the agreement in accordance with Chapter 3 of this NPR and recorded under the Price Adjustment column of the EPR as "Excluded Cost."

4.4.2.3 The following should be included when calculating the direct costs for services or property provided to a customer under the CSLA:

a. Contractor Cost. Direct costs shall include contract costs that directly support the reimbursable project and which are charged by the contractor to NASA. Such costs are recognized and billable to the reimbursable customer if those costs would not be incurred if there were no commercial launch or reentry effort. The amount billable can include estimated contractor costs. Costs which are billable to the reimbursable customer include, but are not limited to:

(1) Contractor labor costs charged by the contractor to NASA for supporting the tasks associated with the launch or reentry effort.

(2) Other Direct Costs (ODCs) as identified by the contractor.

(3) The associated general and administrative (G&A) costs which are charged by the contractor to NASA (to the extent they would not be charged to NASA if there were no commercial launch or reentry effort).

*Note: While a contractor's G&A costs are indirect to the contractor, NASA considers these charges as direct when the G&A rate is applied to the contractor's direct costs.*

(4) The associated fixed and award fees on the above costs (to the extent they would not be charged to NASA if there were no commercial launch or reentry effort).

b. Civil Service Labor. The direct costs for services provided by NASA civil service labor supporting the reimbursable task shall include all components of personnel compensation. Billable civil service labor does not include a charge for persons responsible for general management and support other than those persons dedicated and responsible for directly managing work on the reimbursable project. The direct labor costs include, but are not limited to, basic pay of employees supporting the task plus the Government share of associated labor-related expenses, including fringe benefits.

c. Other Costs. Other costs that are customarily charged to reimbursable projects, which can include but would not be limited to travel, transportation, materials, and supplies (but only to the extent those costs would not be incurred if there were no commercial launch or reentry effort).

d. Costs incurred by common support activities or service pools. To the extent that costs incurred by a common support activity can be specifically attributed to the reimbursable activity (but only to the extent those costs would not be incurred if there were no commercial launch or reentry effort), they shall be distinguished and considered as direct costs billable to the reimbursable customer under a CSLA agreement. As much as is practicable, Centers should accumulate such costs in accounts specifically designated as associated with the reimbursable project as opposed to being commingled with other shared costs. That can include, but not be limited to the following:

(1) The costs attributable to consumption of utilities, commodities, or other measureable consumables and which



could be directly related to the reimbursable project;

(2) The costs attributable to additional maintenance or other operations that NASA would not otherwise perform and which arise as a result of the reimbursable project; and

(3) The costs associated with typical CMO functions which can be directly attributed to the customer (e.g., specific security costs, emergency services, medical/health services, and IT services).

**4.4.2.4 Property and Facilities.** For NASA property provided under a lease, license, or loan to the private sector or a state government to support a commercial launch or reentry effort under the CSLA, the price is an amount equal to the direct costs, including specific wear and tear and property damage that NASA incurs as a result of the lease, license, or loan. Any such lease, license, or loan will be conducted in accordance with applicable law, regulation, and NASA policy. The direct costs for property or facilities made available by NASA to a customer under the CSLA and billable to the reimbursable customer shall include, but not be limited to, the following:

a. The costs incurred by the Government to alter, modify, or bring up to operating condition the property or facility.

b. The costs attributable to consumption of utilities, commodities, or other measureable consumables.

c. The costs attributable to operations, maintenance, and repair that NASA would not otherwise perform. For example, a facility which has been determined to be excess to Agency programmatic needs and which would be maintained by the customer can be provided to a CSLA customer without a rental charge. In this instance, the direct cost to NASA of this facility would be zero, since the customer would be assuming the cost of operations, maintenance, utilities, modification, or demolition of the property.

**4.4.2.5** In the case of NASA property made available under CSLA, involving property or facilities shared with other users (which can include NASA direct projects), and where a sharing arrangement is both feasible and occurs on a non-interference basis, a reasonable allocation of direct costs associated with that portion of the property, facility, or asset should be charged to the CSLA customer (in addition to any costs specifically identifiable with the customer's share of the facility under a CSLA reimbursable agreement, as described in Section 4.4.2.4). Such an allocation would be based on variable costs associated with operating the facility and would not include fixed costs associated with the facility (e.g., those that would be incurred if there were no occupants). The Center may develop a rate to be applied to the agreement in order to represent a reasonable allocation of the variable costs of functions typically associated with usage of the facility (e.g., by square footage or persons occupying the facility).

**4.4.2.6** For NASA property sold (or transferred through a transaction similar to sale) to the private sector or a state government to support a commercial launch or reentry effort under the CSLA, the price is the fair market value of the property. Sale or transfer of such property will be conducted in accordance with applicable law, regulation, and NASA policy applicable to the sale of Government property.

**4.4.2.7** The following are considered indirect cost and shall not be included in the price charged to the customer for CSLA agreements. However, they should be included when determining the full cost of the agreement in accordance with Chapter 3 of this NPR and recorded under the "price adjustment" column of the EPR as "Excluded Cost."

a. Reimbursable assessments for the Agency-determined CMO rate.

*Note: While functions within CMO are generally treated as indirect, some support may be driven by use and can be directly chargeable (i.e., considered a direct cost.). A Center may develop a rate to be applied to the agreement in order to represent the direct or marginal costs of activities typically included within CMO functions.*

b. Administrative fee for Headquarters and NMO (for work to be performed by JPL (an FFRDC)) or other similar allocations of indirect costs.

c. CAAS assessment.

d. Allocation of service pools where the service pool costs would be incurred without regard to the specific commercial launch or reentry effort.

e. Recovery of infrastructure overhead and similar charges, including those that would normally be charged to programmatic funds (i.e., not covered by either a CMO rate or the Administrative fee for Headquarters and NMO).

**4.4.3** NASA Centers are not limited to charging direct costs under CSLA and may instead use the Space Act as authority to charge fair and reasonable prices in light of clear and demonstrated NASA benefits, risks, and resources attributable to the terms and conditions of the contract between NASA and the commercial launch provider and other factors as appropriate. See Section 4.2 for pricing under the Space Act.

4.4.3.1 When portions of a reimbursable agreement are conducted under different legal authorities, the work performed under each authority shall be clearly identified as a separate task or annex accompanied by a separate breakout of the EPR identifying the full cost, waived or excluded costs, and price applicable to each task or annex.

4.4.3.2 Since General Requirements and Considerations for CSLA are that launch or reentry property of the United States Government is excess or otherwise is not needed for public use or that launch services and reentry services, including utilities, of the Government is otherwise not needed for public use, CSLA agreements shall not commit NASA to provide property or services unless there is a reasonable assurance that the General Requirements and Considerations are met for the period of performance and that the NASA facility is able to withdraw from providing the property or services if those conditions do not exist.

4.4.4 The Center CFO shall review and approve the assumptions, validity, and reasonableness of all charges. For agreements where reimbursement less than the full cost of the effort is anticipated, approval is required by the Center CFO and program manager in control of the unreimbursed portion. This requirement applies to both waived cost and excluded cost (in accordance with policy or statute, such as CSLA).

4.4.5 If a Program Manager/Center CMO Manager non-concurs on the use of the CSLA as the authority for entering into a reimbursable agreement after the Center Chief of Counsel and Center CFO have recommended the use of CSLA as the authority, such non-concurrence shall be forwarded to the Agency CFO for approval or other disposition in consultation with the responsible Mission Directorate.

4.4.6 All agreements in support of commercial crew or cargo transportation shall require concurrence by the appropriate program manager(s) responsible for commercial crew and/or cargo transportation or their designee, irrespective of whether any program/CMO funds are going to be used to pay for any unreimbursed costs. This concurrence will be required prior to the completion of the EPR. Any dispute between the Center Director and the program manager will be resolved with the appropriate Mission Directorate Associate Administrator.

## **4.5 Charges for Rental Quarters and Related Facilities**

4.5.4 This section provides additional policies, responsibilities, and requirements NASA will follow when setting and administering rental rates for rental quarters and charges for related facilities.

4.5.5 Legislative and Regulatory Authority. The references below provide the authority and policy governing agencies charges for rental quarters and related facilities.

4.5.5.1 5 U.S.C. § 5911, Quarters and Facilities; Employees on the United States.

4.5.5.2 OMB Circular No. A-45, Rental and Construction of Government Quarters, Revised, dated October 20, 1993.

4.5.6 Explanations of Terms.

4.5.6.1 Rental quarters include all housing supplied under specific Government direction as an incidental service in support of Government programs. "Public Quarters" designated for occupancy by members of the uniformed services with loss of allowances and sleeping facilities furnished on a temporary basis are excluded. Otherwise, all quarters owned by or leased to the Government are included whether occupied by Government employees, contractors, contractors' employees, or any other person to whom housing is provided as incidental to the performance of a Government activity. Housekeeping and non-housekeeping units, including trailers but not tents, furnished and unfurnished are included.

4.5.6.2 Related facilities include, but are not limited to, utilities, services, furniture, and appliances.

4.5.7 Roles and Responsibilities.

4.5.7.1 The Center Director, who has custody over quarters, as well as the authority to rent the quarters shall:

a. Monitor the use of rental quarters.

b. Annually determine whether an adjustment to the basic rental rate is required based on changes in the Consumer Price Index (CPI). Determine specifically when periodic reviews are necessary, so that qualified appraisers may be obtained as required.

c. Annually advise the Assistant Administrator for Strategic Infrastructure of the need to adjust basic rental rates, based on changes in the CPI, of the need to conduct a periodic review, and of the recommended time schedule for the timely completion of the review. Request that the services of appraisers be provided.

d. Conduct the review using qualified appraisers.

4.5.7.2 The Assistant Administrator for Strategic Infrastructure shall:

a. Keep the CFO and the Associate Administrator for the Mission Support Directorate advised of all significant events concerning the use of and charges for NASA rental quarters.

- b. Designate person(s) to receive appeals and ensure that necessary administrative reviews and approvals are made in accordance with the provisions of Rental and Construction of Government Quarters, Revised.
- c. Establish by amending the lease or rental agreement the general rates and charges authorized by the Associate Administrator for the Mission Support Directorate on the effective date and ensure they are collected.
- d. Authorize specific adjustments to general rents.
- e. Provide qualified appraisers to Center Directors to perform the necessary reviews. Where practicable, appraisers of the Federal Housing Administration, the Army Corps of Engineers, the Naval Facilities Engineering Command, or the General Services Administration will be used.
- f. Make the final evaluation of the annual adjustment required, based on changes in the CPI and the periodic reviews. Approve the general rates and charges to be established.
- g. Review and decide on appeal actions and adjustments, as necessary.

#### 4.5.8 Determining Rental Rates.

4.5.8.1 Rental rates for quarters and charges for related facilities will be based upon reasonable value in the circumstances under which they are provided, occupied, or made available. The amount of rental rates shall not be set so as to provide an inducement in the recruitment or retention of employees or as an inducement to encourage the occupancy of existing Government housing. The detailed procedures for determining rental rates are contained in Rental and Construction of Government Quarters.

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